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# Hiring Starts to Pick Up Pace

Finance, Tech, Service Firms Are Among the Companies Seeking More Workers

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By SARAH E. NEEDLEMAN

Hiring by the nation's small employers is accelerating, a sign that the stubbornly slow overall job recovery may be poised to gain momentum.

So far this year, small businesses have added roughly twice as many workers a month as they did in most of 2010, recent data show. Experts say small employers are cautiously ramping up as they gain confidence that business conditions and loan activity will hold steady or improve.



View Full Image Patrick B. McCutchan  
Jeff Platt of Sky Zone, a trampoline franchise company whose franchise deals rose sharply in the 1st quarter.

Financial, technology and other service providers have been doing the most hiring, mainly in areas such as sales and engineering, while employment in construction remains weak.

So far this year, companies with fewer than 500 employees have added an average of 188,000 jobs a month, according to payroll-company Automatic Data Processing Inc. Last year, they added an average of just 68,500 jobs a month.

Those numbers still aren't what economists consider healthy, but they're an

improvement, and they're significant because companies with fewer than 500 workers employ about half of all private-sector employees in the U.S., according to the Small Business Administration.

"Small and young firms are the engine for job growth that we need," says Stephen Bronars, a senior economist for Welch Consulting, a labor advisory firm in Washington, D.C. They're "where the bulk of job creation is going to occur."

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Large companies, which typically lag behind small firms when it comes to hiring, have also been hiring more. According to ADP—which derives its measure of employment from an anonymous subset of 500,000 U.S. business clients—businesses with 500 or

more employees have added an average of 11,300 jobs a month so far this year, after

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shedding an average of 3,400 jobs a month in 2010.

A number of factors may be contributing to small businesses' rosier outlook, including improvements in consumer spending, stock-market valuations and IPO activity, economists say.

A slight loosening of the credit markets may be another motivator. The Small Business Administration approved \$9.1 billion in small-business loans between Oct. 1 and Dec. 31—the most the agency has ever backed over a three-month period—due to loan enhancements provided by the Small Business Jobs Act.

In the first quarter, Sky Zone LLC, an indoor-trampoline franchise company, signed 25 franchise agreements, up from three a year earlier. The new franchises secured 15 loans for a total of about \$12 million and will each hire up to four full-time and 40 part-time employees.

"Being able to acquire financing is now a more real possibility than it was a year or two years ago," says Jeff Platt, founder and chief executive of Sky Zone, a four-person St. Louis, Mo., business that plans to double its headcount this year.

**Akraya Inc.**, a technology staffing firm in Sunnyvale, Calif., since 2001, is also growing. "Things have changed significantly over the last five or six months," says Amar Panchal, co-founder and CEO. So far this year, Akrya has added eight new employees in areas such as recruiting, marketing, sales and operations, expanding the firm's total headcount to roughly 250. Mr. Panchal says he's now looking to hire 10 more employees. By contrast, Akrya hired just one person in 2010.

"We were not confident about the outlook for the next year or so," Mr. Panchal says. "Many clients had hiring freezes and budgets that were frozen."

To be sure, many small businesses remain reluctant to hire. About half of companies with fewer than 100 employees say they have no hiring plans over the next six months, according to an American Express survey conducted in February and March with 728 respondents. Of the 35% of respondents that do plan to hire, about a third say they will add only one or two.

Some surveys suggest some small-business owners still lack confidence. The National Federation of Independent Business's small-business optimism index fell 2.6 points to 91.9 in March.

"There's still a lot of uncertainty," says Raymond Keating, chief economist for the Small Business and Entrepreneurship Council, a nonprofit advocacy group in Oakton, Va. "But," he adds, "things are clearly better."

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